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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

December 2, 1998

VIA HAND DELIVERY

Magalie Roman Salas, Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: Ex Parte Presentation
MM Docket Nos. 91-221 and 87-7

Dear Ms. Salas:

Pursuant to Section 1.1206 of the Commission's Rules, this letter is submitted in duplicate to report that on this date, Pegasus Communications Corporation ("Pegasus") delivered the attached written statement to each of the Commissioners and their broadcast legal assistants, and to the Chief of the Mass Media Bureau.

Please place this letter in the record of the above-referenced proceeding.

Respectfully submitted,

David D. Oxenford

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PEGASUS
COMMUNICATIONS

December 1, 1998

Chairman William E. Kennard
Federal Communications Commission
1919 M Street, N.W., Room 814
Washington, D.C. 20554

Re: MM Docket Nos. 91-221, 87-7

Dear Chairman Kennard:

From recent trade press reports, it has come to our attention that the Commission may be close to resolving its proceeding on television multiple ownership issues. While we applaud your efforts to finally resolve this proceeding, we are stunned by the extreme and possibly insupportable outcome suggested by the recent reports. We proceeded with our LMA plans in good faith reliance upon the Commission's own clearly stated objective of fostering television diversity – an objective we certainly share. However, the reported proposals actually run directly counter to your own vocal support of such initiatives.

From our meeting with you in August, and from meetings with other Commissioners prior to that time, we have believed you understood that LMAs have actually, in many cases, already demonstrably contributed to the programming and viewpoint diversity of many smaller television markets. Our filings with the FCC in this matter show beyond doubt that the existing record of LMAs supports this contention. As cases in point, our company currently has three in-market LMAs, all of which are in smaller television DMAs. All have resulted in the establishment of an entirely new television voice in the communities which they serve through the construction of new television stations on long-vacant channel allocations. In each market, the LMA combination is between our fourth rated UHF station (i.e., last in the market until we helped the LMA station sign on) and the new facility, allowing us to more effectively compete against long-established, extremely dominant and, in most cases, VHF network affiliates. One of these has only a minor overlap with the owned station, and acts effectively as a satellite extending programming to unserved portions of the DMA; it was also constructed, however, to enable its own specialized local programming insertions. Each of the other two LMAs has its own distinct network affiliation, and each is being programmed entirely differently from our owned stations in that market. Each of these LMAs have given us the financial stability (previously lacking insofar as our owned stations are in each instance the 4th station in the indicated small markets) to initiate new local news services in these communities. Finally, each of these LMAs materially increases our ability to ultimately build out both DTV facilities – a financial burden neither is likely to be able to handle on its own.

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In short, in almost every sense our LMAs contribute to television diversity: new and distinct programming in the marketplace, new local news operations contributing new viewpoint diversity, greater and more vigorous marketplace competition, new outlets for advertising, additional outlets for syndicated programming, new owners, new outlets for public service announcements, etc. We fail to understand why we, and the viewers in our markets, should be arbitrarily punished for these initiatives. Certainly, at a minimum, situations such as ours, where we took the financial risk which contributed to diversity through the creation and nurturing of these new stations, should be judged by the factual situation which existed when we took those risks. To use criteria adopted today and applied to these stations as they now exist would be to unfairly penalize companies such as Pegasus which took risks, and helped create new media voices, years before the Commission could itself agree on the rules that should be applied to such cases.

We hope that the press reports are untrue. We urge you to consider the situation in the smaller markets, where the activation of a UPN or WB affiliate is almost always tied to an LMA, and where the development of a true local voice --with local news and, in the near future, digital programming --on even the fourth station in such markets can only occur if the economies of scale provided by LMAs continue.

We would welcome any opportunity to provide you with further information.

Sincerely,

PEGASUS COMMUNICATIONS CORPORATION

By: Marshall W. Pagon

Marshall Pagon, President

cc: Commissioner Susan Ness
Commissioner Harold Furchtcott-Roth
Commissioner Michael Powell
Commissioner Gloria Tristani
Susan L. Fox, Esq.
Anita L. Wallgren, Esq.
Jane E. Mago, Esq.
Helgi C. Walker, Esq.
Rick Chessen, Esq.
Roy J. Stewart, Chief, Mass Media Bureau
Magalie Roman Salas, Secretary, FCC